

EUROPEAN PARLIAMENT

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for the relations with the

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Notice to Members

Members will find attached for their information a copy of document 'Congress will tackle trade agreements in 1979' published by USA Documents, United States Mission to the European Communities in Brussels on 22 December 1978.

DIRECTORATE-GENERAL FOR COMMITTEES
AND INTERPARLIAMENTARY DELEGATIONS

9 January 1979

CONGRESS WILL TACKLE TRADE AGREEMENTS IN 1979

International trade agreements concluded in the Tokyo Round of trade talks in Geneva will occupy a central place on the agenda of the US Congress in 1979.

President Carter will notify the Congress of his intention to enter into the agreements early in the year - an action that will initiate a months-long process culminating in an up-or-down vote on the entire package of agreements by early autumn.

The US Constitution reserves to the Congress the right to regulate foreign and domestic commerce, and delegates to the President the right to conduct foreign affairs. In international trade negotiations, these executive and legislative jurisdictions intersect.

Since the first reciprocal Trade Agreements Act in 1934, the Congress has explicitly delegated authority to the President to negotiate with other countries to cut tariffs, limiting the authority to specified periods of time and a maximum size of the cuts.

The Trade Act of 1974, which authorized the President to enter into the Tokyo Round negotiations, included a grant of tariff-cutting authority to cover five years ending January 1980, provided other countries make comparable cuts.

However, the authors of that legislation anticipated that the Tokyo Round would also include international efforts to 'harmonize, reduce, or eliminate' a variety of non-tariff barriers to trade, such as government procurement practices, technical product standards, export subsidies and countervailing duties, and customs valuation procedures.

The legislation required that the President notify the Congress of his intention to enter into any agreement on non-tariff measures 90 days before he 'enters into' it. If the President notifies the Congress in January that he intends to enter into a package of agreements on non-tariff measures, he may not instruct his negotiators to accept those agreements formally before April.

The President's January notification will, according to US officials, include a comprehensive description of all the agreements, perhaps including draft 'codes' agreed upon by the negotiators in Geneva.

During the 90-day period after that, according to US officials, several developments will occur:

- the agreements previously reached in principle by negotiators in Geneva will be converted into formal legal instruments enforceable under GATT (General Agreement on Tariffs and Trade);

- the Geneva negotiators will also consider how to incorporate the needs and interests of developing countries and deal with other special issues in the final legal documents;
- the Carter Administration in Washington will consult with representatives of US industry, agriculture, organized labour, and other affected groups about the substance of the agreements;
- US Government and Congressional lawyers will draft implementing legislation to put before the US Congress; and
- spokesman for the Carter Administration will explain to the US Congress the status and purposes of the agreements.

At the end of the 90-day period, the Carter Administration and other Governments are expected to participate in a formal meeting in which they register their approval of the Tokyo Round package.

Some time after that, President Carter will send to the Congress a draft bill which will incorporate his formal proposals for implementing the agreements. The bill will include proposed amendments to existing legislation that will be required to bring US law into conformity with the new codes. For example, it will probably be necessary to amend the US law dealing with countervailing duties, which are extra duties imposed on imports subsidized by an exporting country.

The presidential message will also include explanations of contemplated administrative actions to carry out the agreements and a statement of reasons why the agreements serve US interests.

The legislative proposals will be developed in close consultation with congressional leaders, congressional staffs, and private sector advisors officials say.

The Trade Act explicitly requires the Congress to take final action on the Tokyo Round package within 90 legislative days after it receives the President's recommendations. If a responsible committee fails to complete its required hearings, reports, and recommendations in time for the Senate and the House to comply with that requirement, the committee will be 'discharged from further consideration of' the bill, which will then be reported directly to the appropriate chamber for final action.

Since trade agreements are considered 'revenue' measures, the proposed legislation must, under the Constitution, be considered first by the Ways and Means Committee of the House of Representatives. The Senate Finance Committee may initiate its own hearings on the bill 15 days after the House Committee begins consideration of it.

These two committees are also expected to refer specific parts of the proposed bill to other Congressional committees with interests in certain facets of the complex legislation.

For example, the Agriculture Committees may examine proposed changes in legislation affecting US farmers. The Government Operations Committees would be concerned with changes in 'buy American' provision of US Government procurement practices, and so forth. These committees may hold their own hearings and submit their recommendations to the committees with principal jurisdiction over trade policy issues.

The Trade Act requires that the trade agreements involving non-tariff measures must be voted up or down as submitted by the President, without any possibility of tacking on amendments, by majority vote in both the House of Representatives and the Senate.

US officials say this 'fast-track, no-veto' requirement will prevent the addition or exclusion of any provision as a result of pressure from special interests, and will ensure that the legislation will be enacted before the Congress adjourns in the autumn.

The Trade Act provided that any US tariff reductions resulting from the multilateral negotiations will go into effect automatically, without any action or consideration by the Congress.

Separate from the overall package of agreements, the Congress is expected, early in its new session, to consider legislation to extend the President's authority to waive the application of countervailing duties to subsidized imports for a six to eight month period, pending the final Congressional approval of the Tokyo Round agreements. The present waiver authority will expire 3 January 1979.
